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M E M O R A N D U M
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TO: The Board of Oil, Gas and Mining

FROM: D.Wayne Hedberg, Reclamation Hydrologist

SUBJECT: Luki Milling Corporation
Tibbetts Placer Mine
ACT/019/001
Grand County, Utah

DATE: May 28, 1981

The purpose of this memorandum is to request the Board's concurrence with the amount and form of reclamation surety as recalculated for Luki Milling Corporation's-Tibbetts Placer Mine.

The Board issued conditional tentative approval to Luki Milling Corporation at the January 1981 Board Hearings. At that time, a reclamation surety was estimated based upon a 6-year mine life and totaled \$40,550. A 13% inflation factor brought the total reclamation surety to \$84,423 for the 40-acre permit area.

Since that time, Luki Milling Corporation has proposed some modifications in their plans of operation which constituted a reassessment of the surety amount. Mr. Carrol J. Hart (president, Luki Milling Corp.) has proposed posting a property bond in lieu of other surety forms as the company needs the operating cash at the present time. Mr. Hart has also requested that the Board consider bonding for a two-year base period with reassessment for the remainder of the proposed mine life at that time. Mr. Hart stated that if the operation was not profitable at the end of the initial two-year period, that the company would terminate operations and reclaim the site.

Based upon this commitment the Division has adjusted the surety estimate and proposes bonding for a 3 or 4 year period vs. 2, which should cover the cost of unsuccessful revegetation attempts. If the operation proves profitable at the end of the first 2-year period, the bond could then be re-assessed for the remainder of the potential 6-year period as the corporation would have the additional financial security to bond for continued operation.

The surety estimates are attached and projected on a 3-year and 4-year period (13 & 15% interest rate).

DIVISION OF OIL, GAS, AND MINING

BOND ESTIMATE

OPERATOR: Luki Milling Corporation
MINE NAME: Tibbetts Placer Mine
LOCATION: Sections 28 & 29, T. 22 S., R. 24 E.
COUNTY: Grand
DATE: May 28, 1981

Operation	Amount	Rate	Cost
A. CLEAN-UP			
1. Removal of structures & equipment.		Lump sum	\$ 1500
2. Removal of trash & debris.			
3. Leveling of ancillary facilities pads and access roads.			
B. REGRADING & RECONTOURING	(with contemporaneous reclamation)		
1. Earthwork including haulage and grading of spoils, waste and overburden.	23,000 yd ³ (1 Acre)less	0.90/yd ³	18270.
2. Recontouring of highwalls and excavations.	@ 2700 yd ³ (contracted sand & gravel)		
3. Spreading of soil or surficial materials.	#2-N/A #3-3200 yd ³ (@6 acres)	0.60/yd ³	1900
C. STABILIZATION			
1. Soil preparation, scarification, fertilization, etc.	6 acres	\$350/A	2100
2. Seeding or planting.	6 acres	300/A	1800
3. Construction of terraces, water-bars, etc.	N/A		
D. LABOR			
1. Supervision.	50 hours		
2. Labor exclusive of bulldozer time.	N/A(included in B&C above)		500
E. SAFETY			
1. Erection of fences, portal coverings, etc.	N/A		
2. Removal or neutralization of explosive or hazardous materials.	N/A		
F. MONITORING			
1. Continuing or periodic monitoring, sampling & testing deemed necessary.	4 inspections	50/each	200.
		Subtotal	\$26,270.
G. OTHER			
1)13% inflation factor 3 yrs.	\$11635		
4 yrs.	16562		
2)15% inflation factor 3 yrs.	13683		
4 yrs.	19676		
		TOTALS	

1)3yr 13%= 37905
 15%= 39953

2)4yr. 13%= 42832
 15%= 45946